

# Exhibit 7

*State of California ex rel. Ven-A-Care of the Florida Keys, Inc.*  
*v. Abbott Laboratories, Inc., et al.*, Master Civil Action No. 01-12257-PBS,  
Subcategory Case No. 06-11337

**Exhibit to the December 21, 2009 Declaration of Sarah L. Reid in Support  
of Dey's Opposition to Plaintiffs' Motion for Partial Summary Judgment**



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Health Care Financing Administration

FEB 14 1991

RECEIVED FEB 19 1991

6325 Security Boulevard  
Baltimore, MD 21207

Dear Manufacturer:

Enclosed with this cover note you will find an agreement (enclosure A) for your signature and related documents (enclosures B-F). As discussed, your signature is required in order for payment to be made under the Medicaid program for prescription drugs.

BACKGROUND

Section 4401 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), enacted November 5, 1990, requires a drug manufacturer to enter into and have in effect a rebate agreement with the Federal government for States to receive funding for drugs dispensed to Medicaid recipients. For purposes of this legislation, you are considered a drug manufacturer if you hold legal title to the National Drug Code (NDC) number for a prescription drug, non-prescription drug or biological product.

In order for payment to be made under Medicaid, you must complete and sign this agreement, fill in the information on the related documents, and return them to the Health Care Financing Administration (HCFA). Under the terms of the agreement, you must supply information within 30 days after the end of each calendar quarter on the average manufacturer price (or AMP) of your drugs and, for some drugs, the best price at which they were sold. The definitions of AMP and best price are given in the rebate agreement.

*why identify?*  
States will then report to you, within 60 days after the end of each calendar quarter, the quantity of your drugs dispensed and for which they made Medicaid payment. Within 30 days of receipt of this information, you must rebate a portion of the price you received from the sale of your drugs which were paid for by these State Medicaid Agencies. This portion varies depending on whether the drug is considered to be a single source drug, innovator multiple source drug, or noninnovator multiple source drug. The definitions of these types of drugs can also be found in the rebate agreement.

If you choose to participate in this program, State Medicaid programs are required to cover your drugs with the exception of certain drugs cited in 1927(d)(1) and (2) of the Social Security Act (the Act). If you choose not to participate, States cannot receive Federal Medicaid funding for your drugs.

The law was effective January 1, 1991. Agreements entered into before March 1, 1991 will be retroactive to January 1, 1991. Agreements entered into on or after March 1 will not be effective

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